

1 **WEILAND GOLDEN GOODRICH LLP**  
2 Jeffrey I. Golden, State Bar No. 133040  
3 jgolden@wgllp.com  
4 Ryan W. Beall, State Bar No. 313774  
5 rbeall@wgllp.com  
6 650 Town Center Drive, Suite 600  
7 Costa Mesa, California 92626  
8 Telephone 714-966-1000  
9 Facsimile 714-966-1002  
10  
11 Attorneys for Debtor  
12 SOUTHERN INYO HEALTHCARE DISTRICT

13 **UNITED STATES BANKRUPTCY COURT**

14 **EASTERN DISTRICT OF CALIFORNIA**

15 **SACRAMENTO DIVISION**

16 In re Case No. 1:16-bk-10015-FEC  
17 SOUTHERN INYO HEALTHCARE Chapter 9  
18 DISTRICT, WGG-7  
19 Debtor.

20 **MODIFIED SEVENTH AMENDED PLAN  
21 FOR THE ADJUSTMENT OF DEBTS OF  
22 SOUTHERN INYO HEALTHCARE  
23 DISTRICT**

24  
25 Hearing  
26 Date: June 11, 2020  
27 Time: 9:00 a.m.  
28 Place: 501 I. Street  
Sacramento, CA 95814  
Courtroom 28

## 1 TABLE OF CONTENTS

		<u>Page</u>
1	I. DEFINITIONS, INTERPRETATION AND RULES OF CONSTRUCTION .....	2
2	4 A. Definition .....	2
3	5 B. Rules of Construction .....	11
4	II. TREATMENT AND DEADLINE FOR THE ASSERTION OF ADMINISTRATIVE	
5	6 CLAIMS AND PROFESSIONAL CLAIMS .....	11
6	7 A. Treatment of Administrative Claims.....	11
7	8 B. Treatment of Professional Claims .....	12
8	9 C. Priority Claims in Chapter 9.....	13
9	10 D. Medsphere Agreement.....	13
10	11 E. Deadline for the Filing and Assertion of Postpetition Claims,	
11	12 Administrative Claims, and Professional Claims .....	15
12	III. DESIGNATION OF CLASSES OF CLAIMS.....	15
13	IV. TREATMENT OF CLAIMS .....	16
14	15 A. Class 1 – Secured Claims .....	16
15	16 1. Class 1A – Action Capital Corporation.....	16
16	17 a. Impairment and Voting .....	16
17	18 b. Treatment.....	16
18	19 2. Class 1B – Bank of the West/Thermo Fisher Financial	
19	20 Services, Inc .....	16
20	21 a. Impairment and Voting .....	17
21	22 b. Treatment.....	17
22	23 3. Class 1C – Canon Financial Services, Inc .....	17
23	24 a. Impairment and Voting .....	17
24	25 b. Treatment.....	17
25	26 4. Class 1D – Cardinal Health 110, LLC .....	18
26	27 a. Impairment and Voting .....	18
27	28 b. Treatment.....	18

**TABLE OF CONTENTS (cont.)**

	<u>Page</u>
5. Class 1E – Healthcare Resource Group.....	18
a. Impairment and Voting.....	19
b. Treatment.....	19
6. Class 1F – US Foods, Inc.....	19
a. Impairment and Voting.....	19
b. Treatment.....	19
7. Class 1G – Optum Bank, Inc .....	19
a. Impairment and Voting.....	19
b. Treatment.....	20
8. Class 1H – Vi Healthcare Finance, Inc .....	22
a. Impairment and Voting.....	22
b. Treatment.....	22
B. Class 2 – Post-Petition Contracts Not Terminated .....	23
1. Impairment and Voting.....	23
2. Treatment .....	23
C. Class 3 – Terminated Post-Petition Contract Claims.....	23
1. Impairment and Voting.....	24
2. Treatment .....	24
3. Class 5 Election .....	24
D. Class 4 – General Unsecured Claims .....	24
1. Impairment and Voting.....	24
2. Treatment .....	24
3. Class 5 Election .....	25
E. Class 5 – Convenience Claims.....	25
1. Impairment and Voting.....	25
2. Treatment .....	25

**TABLE OF CONTENTS (cont.)**

	<u>Page</u>
V. ACCEPTANCE OR REJECTION; CRAMDOWN .....	25
A. Voting of Claims .....	25
VI. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES ....	26
A. Assumption of Executory Contracts and Unexpired Leases.....	26
B. Cure Payments.....	26
C. Rejection of Executory Contracts and Unexpired Leases .....	27
D. Claims Arising from Rejection .....	28
VII. IMPLEMENTATION AND MEANS FOR IMPLEMENTATION OF THIS PLAN ....	29
VIII. RESERVATION OF RIGHTS OF ACTION .....	31
IX. DISTRIBUTIONS .....	31
A. Disbursing Agent .....	31
B. Delivery of Distributions.....	31
C. Undeliverable Distributions.....	32
1. Holding of Undeliverable Distributions .....	32
2. Notification and Forfeiture of Unclaimed Property .....	32
D. Distribution of Cash .....	32
E. Timeliness of Payments .....	33
F. Default and Cure .....	33
G. Compliance with Tax Requirements .....	33
H. Time Bar to Cash Payments.....	34
I. No De Minimis Distributions .....	34
J. No Distributions on Account of Disputed Claims or Disallowed Claims .....	34
K. No Post-Petition Date Accrual .....	35
X. DISPUTED CLAIMS; OBJECTIONS TO CLAIMS; PROSECUTION OF OBJECTIONS TO DISPUTED CLAIMS.....	35
A. Claim Objection Deadline; Prosecution of Objections .....	35

**TABLE OF CONTENTS (cont.)**

	<u>Page</u>
3        B.    Reserves, Payments and Distributions with Respect to 4                        Disputed Claims .....	36
5        XI.    EFFECT OF CONFIRMATION.....	36
6            A.    Discharge of the District .....	36
7            B.    Injunction .....	37
8            C.    Term of Existing Injunctions or Stays .....	37
9            D.    Exculpation.....	37
10           E.    Good Faith Compromise .....	38
11        XII.    RETENTION OF AND CONSENT TO JURISDICTION .....	38
12        XIII.    CONDITIONS PRECEDENT.....	40
13           A.    Condition Precedent to Confirmation.....	40
14           B.    Conditions Precedent to Effective Date.....	40
15           C.    Waiver of Conditions Precedent to Effective Date.....	41
16           D.    Effect of Failure of Conditions .....	41
17           E.    No Admission of Liability .....	42
18        XIV.    MISCELLANEOUS PROVISIONS .....	42
19           A.    Dissolution of the Committee.....	42
20           B.    Severability.....	42
21           C.    Governing Law .....	43
22           D.    Effectuating Documents and Further Transactions .....	43
23           E.    Acceleration of Payments.....	43
24           F.    Delivery of Notices .....	43
25           G.    Notice of Effective Date .....	44

**TABLE OF AUTHORITIES**

	<u>Page(s)</u>
<b><u>Statutes</u></b>	
11 U.S.C. § 101(5).....	4
11 U.S.C. § 102 .....	10
11 U.S.C. § 105 .....	37
11 U.S.C. § 362 .....	37
11 U.S.C. § 365 .....	26
11 U.S.C. § 501 .....	2
11 U.S.C. § 502(c) .....	3, 18
11 U.S.C. § 503(b).....	2, 13
11 U.S.C. § 506(a).....	10
11 U.S.C. § 507(a)(2).....	2, 13
11 U.S.C. § 552(a).....	19
11 U.S.C. § 553 .....	10
11 U.S.C. § 922 .....	37
11 U.S.C. § 941 .....	2
11 U.S.C. § 943 .....	5
11 U.S.C. § 943(b).....	12, 40
11 U.S.C. § 943(b)(3).....	11
11 U.S.C. § 943(b)(6).....	40
11 U.S.C. § 944 .....	31, 36
11 U.S.C. § 945 .....	38
11 U.S.C. § 1101(2).....	36
11 U.S.C. § 1102(a)(1).....	4
11 U.S.C. § 1111(b).....	18, 22
11 U.S.C. § 1122 .....	15
11 U.S.C. § 1123(a).....	4

**TABLE OF AUTHORITIES (cont.)**

	<u>Page(s)</u>
3 11 U.S.C. § 1123(a)(1).....	15
4 11 U.S.C. § 1124 .....	7
5 11 U.S.C. § 1125 .....	5
6 11 U.S.C. § 1129(b).....	25
7 11 U.S.C. § 1142(b).....	39
8 Cal. Gov't Code § 53760.....	38
9 Cal. Health & Safety Code §§ 135, et seq. .....	7
10 <b><u>Rules</u></b>	
11 Fed. R. Bankr. P. 9006(a).....	11
12 Fed. R. Bankr. P. 8002 .....	7

1                   Southern Inyo Healthcare District (the "District" or "Debtor" or "SIHD"), a  
2 California local healthcare district and debtor under chapter 9 of the Bankruptcy Code,  
3 hereby proposes the following Seventh Amended Plan for the Adjustment of Debts (the  
4 "Plan") pursuant to section 941 of the Bankruptcy Code.<sup>1</sup>

5                   Please refer to the accompanying Disclosure Statement for a discussion of the  
6 District's history, operations, and financial condition, and for a summary and analysis of  
7 this Plan and other important information. The District encourages you to read this Plan  
8 and the Disclosure Statement in their entirety before voting to accept or reject this Plan.  
9 No other materials other than the Disclosure Statement and the associated Exhibits and  
10 Schedules have been approved for use in soliciting acceptance or rejections of this Plan.

11 **I. DEFINITIONS, INTERPRETATION AND RULES OF CONSTRUCTION**

12 **A. Definition**

13                   1. **Administrative Claim** means the costs or expenses of administration  
14 of the Chapter 9 Case not already paid by the District, allowed under section 503(b) and  
15 entitled to priority under section 507(a)(2) to the extent made applicable in Chapter 9: (i)  
16 which the District agrees is an Allowed administrative expense; or (ii) which the  
17 Bankruptcy Court determines is an Allowed administrative expense. The District's consent  
18 to the Bankruptcy Court adjudicating Administrative Claim status is given without the  
19 District in any way consenting or agreeing that Claims for postpetition obligations of the  
20 District are or would be entitled to status as Administrative claims as "the actual necessary  
21 costs and expenses of preserving the estate" under section 503(b).

22                   2. **Allowed** means a Claim that:

23                   a. Is asserted in a proof of Claim filed in compliance with section  
24 501 and any applicable order of the Bankruptcy Court and as to which (i) no  
25 objection has been filed within the deadline established pursuant to Section X.A.,  
26 (ii) the Bankruptcy Court has entered a Final Order allowing all or a portion of such

27                   

---

28                   <sup>1</sup> The definitions of capitalized terms used throughout this Plan are set forth in Section I.A.

1                   Claim (but only to the extent allowed), or (iii) the Bankruptcy Court has entered a  
2                   Final Order under section 502(c) estimating the amount of the Claim for purposes  
3                   of allowance;

4                   b.        Is subject to a stipulation between the District and the holder of  
5                   such Claim providing for the allowance of such Claim; or  
6                   c.        Is a Professional Claim as to which the Bankruptcy Court has  
7                   entered an order deeming such Claim as reasonable in whole or in part (but only to  
8                   the extent deemed reasonable).

9                   3.        **Annual Payment Date** means the date on which the District will  
10                  make the Annual Payments to ViHF.

11                  4.        **Annual Payments** means the yearly payments made by the District  
12                  to ViHF.

13                  5.        **Ballot** means the ballot(s), in the form(s) approved by the Bankruptcy  
14                  Court in the Plan Solicitation Order accompanying the Disclosure Statement and provided  
15                  to each holder of a Claim entitled to vote or accept or reject this Plan.

16                  6.        **BOW** means Bank of the West.

17                  7.        **Bankruptcy Case** means the bankruptcy case filed under chapter 9  
18                  of the Bankruptcy Code, bearing case number 1:16-bk-10015-FEC pending in the United  
19                  States Bankruptcy Court Eastern District of California Sacramento Division.

20                  8.        **Bankruptcy Code** means title 11 of the United States Code, as  
21                  amended from time to time, as applicable to the Chapter 9 Case. Unless otherwise  
22                  indicated, references in this Plan to "section \_\_\_\_\_" are to the specifically identified  
23                  section of the Bankruptcy Code.

24                  9.        **Bankruptcy Court** means the United States Bankruptcy Court for the  
25                  Eastern District of California, Sacramento Division, or such other court that lawfully  
26                  exercises jurisdiction over the Chapter 9 Case.

27                  10.      **Bankruptcy Rules** means the Federal Rules of Bankruptcy  
28                  Procedure, as amended from time to time, as applicable to the Chapter 9 Case, together

1 with the local rules of the Bankruptcy Court applicable to the Chapter 9 Case. Unless  
2 otherwise indicated, references to "Bankruptcy Rules \_\_\_\_" are to the specifically  
3 identified rule of the Federal Rules of Bankruptcy Procedure.

4       11. **Bar Date** means the applicable date by which a particular proof of  
5 Claim must be filed, as established by this Plan or the Bankruptcy Court.

6       12. **Braun** means Braun International.

7       13. **Business Day** means a day other than a Saturday, a Sunday, or any  
8 other day on which banking institutions in Los Angeles, California, are required or  
9 authorized to close by law or executive order.

10       14. **Canon** means Canon Financial Services, Inc.

11       15. **Cash** means cash and cash equivalents, including, without limitation,  
12 withdrawable bank deposits, wire transfers, checks, and other similar items.

13       16. **Chapter 9 Case** means the case under chapter 9 of the Bankruptcy  
14 Code commenced by the District and styled as *In re Southern Inyo Healthcare District*,  
15 Case no. 2016-10015-FEC, currently pending in the Bankruptcy Court.

16       17. **Claim** has the meaning set forth in section 101(5).

17       18. **Claimant** means a person or entity with a Claim.

18       19. **Class** means any group of Claims classified herein pursuant to  
19 section 1123(a).

20       20. **Closing Date** means 30 days after the effective date, as that term is  
21 defined in the ViHF Agreement, whereby the District will pay to ViHF the sum of \$600,000.

22       21. **Collateral** means any property or interest in property of the District  
23 subject to a lien or security interest that is not subject to avoidance under the Bankruptcy  
24 Code or otherwise invalid under the Bankruptcy Code or applicable federal and/or state  
25 law.

26       22. **Committee** means the Official Committee of Unsecured Creditors of  
27 Southern Inyo Healthcare District, appointed in the Chapter 9 Case by the Office of the  
28 United States Trustee pursuant to section 1102(a)(1).

1                   23. **Confirmation Date** means the date on which the Bankruptcy Court  
2 enters the Confirmation Order.

3                   24. **Confirmation Hearing** means the hearing to be conducted by the  
4 Bankruptcy Court regarding confirmation of this Plan, as such hearing may be adjourned,  
5 reconvened or continued from time to time.

6                   25. **Confirmation Order** means the order of the Bankruptcy Court  
7 confirming this Plan pursuant to section 943.

8                   26. **Convenience Class Claim** means any Allowed Claim that is greater  
9 than \$0.00 in Allowed amount and less than or equal to \$250 in Allowed amount.

10                  27. **Creditor** means an entity within the meaning of 11 U.S.C. § 101(10).

11                  28. **Debtor** means the Southern Inyo Healthcare District, a California  
12 local healthcare district and debtor in the Chapter 9 Case.

13                  29. **Disallowed** means a Claim or portion thereof that: (i) has been  
14 disallowed by a Final Order of the Bankruptcy Court; (ii) has been listed by the District in  
15 its list of creditors, as it may be amended from time to time, in the amount of \$0.00 or an  
16 unknown amount, or as contingent, disputed, or unliquidated, and as to which no proof of  
17 claim has been filed by the applicable deadline or deemed timely pursuant to any Final  
18 Order of the Bankruptcy Court; (iii) as to which the holder thereof has agreed to be equal  
19 to \$0.00 or to be withdrawn, disallowed or expunged; or (iv) has not been listed in the list  
20 of creditors and as to which no proof of claim has been filed by the applicable deadline or  
21 deemed timely pursuant to a Final Order of the Bankruptcy Court.

22                  30. **Disclosure Statement** means the disclosure statement, and all  
23 Exhibits and Schedules incorporated therein, that relates to this Plan and that is approved  
24 by the Bankruptcy Court pursuant to section 1125, as the same may be amended,  
25 modified or supplemented in accordance with the Bankruptcy Code.

26                  31. **Disputed Claim** means any Claim or portion thereof that has not  
27 become Allowed and that is not Disallowed. In the event that any part of a Claim is  
28 disputed, except as otherwise provided in this Plan, such Claim shall be deemed disputed

1 in its entirety for purposes of distribution under and voting on this Plan unless the District  
2 in its sole discretion agrees otherwise. Without limiting the foregoing, a Claim that is the  
3 subject of a pending application, motion, complaint, objection, or any other legal  
4 proceeding seeking to disallow, limit, reduce, subordinate, or estimate such Claim shall be  
5 deemed to be disputed.

6           32. **District** means the Southern Inyo Healthcare District, a California  
7 local healthcare district and debtor in the Chapter 9 Case.

8           33. **District Assets** means any and all property, whether real or  
9 personal, tangible or intangible, in which the District holds an interest.

10           34. **Effective Date** means the first Business Day after the Confirmation  
11 Date on which the conditions specified in Section XIII.B of the Plan have been satisfied or  
12 waived.

13           35. **Eligibility Contest** means, collectively, the trial on the District's  
14 eligibility to be a debtor under Chapter 9 of the Bankruptcy Code and all ancillary and  
15 related pleadings, discovery, hearings, and actions.

16           36. **Exculpated Party** means the District as well as its predecessors,  
17 successors, assigns and present and former affiliates and subsidiaries, and each of their  
18 respective current and former officers, directors, principals, employees, shareholders,  
19 members (including ex officio members), partners, agents, financial advisors, attorneys,  
20 accountants, investment bankers, investment advisors, consultants, representatives, and  
21 other professionals, and any individual or entity claiming by or through any of them;  
22 *provided, however,* HCCA as well as its predecessors, successors, assigns and present  
23 and former affiliates and subsidiaries, and each of their respective current and former  
24 officers, directors, principals, employees, shareholders, members (including ex officio  
25 members), partners, and agents shall not constitute an Exculpated Party.

26           37. **Existing Amendments** means the Fifth Amendment together with all  
27 prior amendments.

1                   38. **Fifth Amendment** means the Fifth Amendment to the Master  
2 Subscription and License Agreement.

3                   39. **Final Order** means an order to which (a) no timely appeal has been  
4 filed challenging the order or, (b) if a timely appeal has been filed, no order staying the  
5 effect of the order has been requested or entered. A notice of appeal shall be deemed  
6 timely if filed within the time allotted under Bankruptcy Rule 8002.

7                   40. **GBAPCD** means Great Basin Air Pollution Control District.

8                   41. **GE** means General Electric Precision Healthcare dba Healthcare  
9 Diagnostic Imaging.

10                  42. **GE HFS** means General Electric Healthcare Financial Services.

11                  43. **General Unsecured Claim** means any unsecured Claim *that is not* (i)  
12 an Administrative Claim, (ii) a Professional Claim, (iii) a Secured Claim, or (iv) a Post-  
13 Petition Claim.

14                  44. **HCCA** means Healthcare Conglomerates Associates, the company  
15 previously employed by the District to manage and restructure the operations of the  
16 District's facilities and services.

17                  45. **Health & Safety Code** means the California Health and Safety Code  
18 (Cal. Health & Safety Code §§ 135, *et seq.*).

19                  46. **HRG** means Healthcare Resource Group.

20                  47. **Impaired** means a Claim or Interest that is impaired within the  
21 meaning of section 1124.

22                  48. **LADWP** means Los Angeles Department of Water and Power.

23                  49. **Master Subscription and License Agreement** means the  
24 agreement entered into between Medsphere and the District.

25                  50. **Medsphere** means Medsphere Systems Corporation.

26                  51. **Medsphere Agreement** means, together, the Original Agreement,  
27 collectively with all amendments thereto, the Existing Amendments, the Modifications, and  
28 any further amendments.

1                   52. **Modifications** means the agreement between the District and  
2 Medsphere that upon approval of the Plan, (a) the phrase "subject to the requirements of  
3 the Bankruptcy Code" which is in Sections 6(c) and 6(d) of the Fifth Amendment and  
4 similar language elsewhere in the Medsphere Agreement shall be deemed to be deleted  
5 to the extent any such language is inconsistent with the Plan and (b) the phrase "such a  
6 time that the District is no longer under the Bankruptcy Code" or similar language in the  
7 Medsphere Agreement shall mean "entry of the Confirmation Order."

8                   53. **MSA** means the Management Services Agreement between the  
9 District and HCCA.

10                  54. **Notice of Effective Date** shall have the meaning ascribed to such  
11 phrase in Section XIV.G of the Plan.

12                  55. **Optum** means Optum Bank, Inc. as well as its predecessors,  
13 successors, assigns and present and former affiliates and subsidiaries, and each of their  
14 respective current and former officers, directors, principals, employees, shareholders,  
15 members (including ex officio members), partners, agents, financial advisors, attorneys,  
16 accountants, investment bankers, investment advisors, consultants, representatives, and  
17 other professionals, and any individual or entity claiming by or through any of them.

18                  56. **Optum Adversary** means the adversary proceeding commenced by  
19 the District against Optum in the Bankruptcy Court, through which the District seeks to  
20 invalidate the Optum Loan, set aside the associated security interest, and disallow the  
21 Optum Claim.

22                  57. **Optum Claim** means the proof of Claim filed by Optum against the  
23 District in the Chapter 9 Case—namely, proof of Claim number 25—and any amendments  
24 thereto.

25                  58. **Optum Loan** means the loan given to the District by Optum pursuant  
26 to the Business Loan Agreement dated February 20, 2015 and as reflected in the  
27 Promissory Note dated February 20, 2015, the Commercial Security Agreement dated  
28

1 February 20, 2015, and other associated documents, and set to mature on February 20,  
2 2025.

3                   69. **Original Agreement** means the Master License and Subscription  
4 Agreement between the District and Medsphere.

5                   70. **Petition Date** means January 4, 2016.

6                   71. **Plan** means this Seventh Amended Plan for the Adjustment of Debts,  
7 together with all Exhibits hereto, each in their present form or as they may be altered,  
8 amended or modified from time to time in accordance with the provisions of this Plan, the  
9 Confirmation Order, the Bankruptcy Code, and the Bankruptcy Rules.

10                 72. **Plan Exhibits** means the pleading titled Exhibits to Seventh  
11 Amended Plan for the Adjustment of Debts of Southern Inyo Healthcare District and  
12 Disclosure Statement Relating Thereto. Unless otherwise stated, any reference contained  
13 herein to an "Exhibit" refers to an exhibit appended to the Plan Exhibits.<sup>2</sup>

14                 73. **Plan Solicitation Order** means the order by which the Bankruptcy  
15 Court approved the Disclosure Statement as containing adequate information for the  
16 purpose of dissemination and solicitation of votes on and confirmation of this Plan and  
17 established certain rules, deadlines, and procedures for the solicitation of votes with  
18 respect to and the balloting of this Plan.

19                 74. **Post-Petition Claim** means any Claim asserted against the District  
20 relating to a debt incurred by the District after the Petition Date.

21                 75. **Pre-Confirmation Date Claim** means a Claim against the District  
22 that arose prior to the Confirmation Date.

23                 76. **Professional** means each or any of the following professionals: (1)  
24 Weiland Golden Goodrich LLP, (2) Nave Cortell LLP, (3) Hahn Fife, (4) Dentons Bingham  
25  
26

27                 

---

28                 <sup>2</sup> The creditor lists attached may be updated and distributions will only be made on account of bona fide  
claims and bona fide amounts.

1 Greenebaum, (5) Baker Hostetler, (6) Foley & Lardner LLP, (7) Province, and (8) The  
2 Shinbrot Firm.

3           67. **Professional Claim** means a Claim asserted by a Professional.

4           68. **Province** means Province, Inc., the former financial advisor for the  
5 District in the course of the Chapter 9 Case.

6           69. **Rights of Action** means any rights, claims, or causes of action  
7 owned by, accruing to, or assigned to the District pursuant to the Bankruptcy Code or  
8 pursuant to any contract, statute, or legal theory, including, without limitation, any rights to,  
9 claims, or cause of action for recovery under any policies of insurance issued to or on  
10 behalf of the District.

11           70. **Section 506(a) Proceeding** means a motion or claim objection in  
12 accordance with Fed. R. Bankr. P. 3012 to value the collateral securing the Optum Claim.

13           71. **Secured Claim** means a Claim that is secured, in whole or in part, (a)  
14 by a lien that is not void or otherwise subject to avoidance or subordination under the  
15 Bankruptcy Code or applicable non-bankruptcy law, or (b) as a result of rights of setoff  
16 under section 553, but in any event only to the extent of the value, determined in  
17 accordance with section 506(a), of the holder's interest in the District's interest in property  
18 or to the extent of the amount subject to such setoff, as the case may be.

19           72. **SIHD** means the Southern Inyo Healthcare District, a California local  
20 healthcare district and debtor in the Chapter 9 Case.

21           73. **SNF** means the skilled nursing facility owned and operated by the  
22 District.

23           74. **Thermo** means Thermo Fisher Financial Services, Inc.

24           75. **Unimpaired** means a Claim that is not Impaired.

25           76. **US Foods** means US Foods, Inc.

26           77. **ViHF** means Vi Healthcare Finance, Inc.

27           78. **ViHF Agreement** means the agreement entered into between the  
28 District, ViHF, HCCA, and other that, among other things, settled the ViHF Claim.

1           **B. Rules of Construction**

2           The following rules of construction apply to this Plan: (a) unless otherwise  
3 specified, all references in this Plan to "Sections" and "Exhibits" are to the respective  
4 Sections in or Exhibits to this Plan, as the same may be amended or modified from time to  
5 time; (b) the headings in this Plan are for convenience of reference only and do not limit or  
6 otherwise affect the provisions of this Plan; (c) words denoting the singular number  
7 include the plural number and vice versa; (d) the rules of construction set forth in Section  
8 102 of the Bankruptcy Code apply; (e) in computing any period of time prescribed or  
9 allowed by this Plan, the provisions of Bankruptcy Rule 9006(a) apply; and (f) the words  
10 "herein," "hereof," "hereto," "hereunder," and others of similar import refer to this Plan as a  
11 whole and not to any particular Section, subsection, or clause contained in this Plan.

12           **II. TREATMENT AND DEADLINE FOR THE ASSERTION OF ADMINISTRATIVE**  
13           **CLAIMS AND PROFESSIONAL CLAIMS**

14           **A. Treatment of Administrative Claims**

15           Except to the extent that the holder of an Allowed Administrative Claim agrees to a  
16 different treatment, the District shall pay to each holder of an Allowed Administrative  
17 Claim, in full satisfaction, release, and discharge of such Allowed Administrative Claim,  
18 Cash in an amount equal to such Allowed Administrative Claim on the Effective Date.

19           Three creditors have asserted administrative expense claims that are provided for  
20 in the projections attached hereto: Source Media, Up-to-Date, and Medsphere. Source  
21 Media has an Allowed Administrative Claim in the amount of \$3,007.50, Up-to-Date has  
22 an Allowed Administrative Claim in the amount of \$3,618.00, and Medsphere has an  
23 Allowed Administrative Claim for the amounts due and owing under the Medsphere  
24 Agreement, including the remaining balance of the defaults in December 2019 and  
25 deferred monthly payments and all other amounts due under the Medsphere Agreement.  
26 Source Media and Up-to-Date will both be paid in full on the Effective Date. The District  
27 and Medsphere have reached an agreement, explained in Section II.D. herein, whereby  
28 the District will satisfy the amount owed to Medsphere in full.

1           **B. Treatment of Professional Claims**

2           Pursuant to section 943(b)(3), all amounts paid or to be paid following the Effective  
3 Date for services or expenses in the Chapter 9 Case or incident to the Plan must be  
4 disclosed to the Bankruptcy Court and must be reasonable. Each Professional Claim is  
5 included in either Class 2 or Class 4, depending on the effective date of the engagement  
6 agreement between the Professional and the District, and shall be treated in accordance  
7 therewith.<sup>3</sup> In the sole and absolute discretion of the District, any or all of the Professional  
8 Claims may be paid an amount in excess of what holders of Claims in Class 2 and/or  
9 Class 4 would be entitled to receive in accordance with the terms of the Plan; provided,  
10 however, that under no circumstances shall any such payments be made on account of  
11 any Professional Claims unless and until, and only to the extent that, the District shall  
12 have funds sufficient to enable it to satisfy its working capital obligations and the  
13 obligations required by the Plan.

14           The District estimates that the Professional Claims as of the Effective Date shall be  
15 as follows:

- 16           1. Nave Cortell LLP - \$78,600.00;
- 17           2. Province - \$20,671.75;
- 18           3. Foley & Lardner LLP - \$506,649.00;
- 19           4. Weiland Golden Goodrich LLP - \$550,000.00;
- 20           5. Dentons Bingham Greenebaum - \$56,800;
- 21           6. The Shinbrot Firm - \$74,335;
- 22           7. Hahn Fife - \$100,000.00;
- 23           8. Baker Hostetler - \$1,000,000.00<sup>4</sup>;

24           

---

25           <sup>3</sup> The treatment of Professional Claims provided herein shall not in any way limit the rights of any  
26 professional employed by the District seeking compensation for services provided following the Effective  
Date. The amounts listed in this Section are estimates of the Professional Claims and shall not in any way  
be interpreted as a limitation on the amount of the Professional Claims.

27           <sup>4</sup> Baker & Hostetler and the District have reached an agreement whereby the District releases Baker  
28 from any and all claims arising from Baker's representation of the District and Baker agrees that its claim will  
be placed in Class 4 and Baker will share in the distribution of the Plan as a Class 4 creditor.

1        The District does not consent to the Bankruptcy Court adjudicating whether any  
2 other individual or entity constitutes a Professional or may assert a Professional Claim.  
3 The District solely consents to the Bankruptcy Court adjudicating the reasonableness of  
4 the services rendered and costs incurred by the Professionals for which compensation  
5 and/or reimbursement is sought.

6        The District, in the ordinary course of its business, and without the requirement for  
7 Bankruptcy Court approval, may pay for services rendered by Professionals and costs  
8 incurred by Professionals on and after the Effective Date.

9        **C. Priority Claims in Chapter 9**

10       The only priority claims incorporated into chapter 9 through section 901 are those  
11 allowed under section 503(b) and entitled to priority under section 507(a)(2). The  
12 treatment of all such Administrative Claims is set forth in Sections II.A and II.B. No other  
13 kinds of priority Claims set forth in section 507 are recognized in chapter 9 cases.

14       **D. Medsphere Agreement**

15       Medsphere provides the District with electronic medical records software and  
16 information technology department staff under a Master License and Subscription  
17 Agreement between the District and Medsphere (the “**Original Agreement**,” and  
18 collectively with all amendments thereto, the “**Medsphere Agreement**”). As of January  
19 13, 2020, the District and Medsphere had entered four amendments to the Original  
20 Agreement prior to March 1, 2019, and the Fifth Amendment to the Master Subscription  
21 and License Agreement, which became effective December 3, 2019 (“**Fifth Amendment**”  
22 and together with the prior amendments, the “**Existing Amendments**”). The District and  
23 Medsphere agree that upon that upon approval of the Plan, (a) the phrase “subject to the  
24 requirements of the Bankruptcy Code” which is in Sections 6(c) and 6(d) of the Fifth  
25 Amendment and similar language elsewhere in the Medsphere Agreement shall be  
26 deemed to be deleted to the extent any such language is inconsistent with the Plan and  
27 (b) the phrase “such a time that the District is no longer under the Bankruptcy Code” or  
28 similar language in the Medsphere Agreement shall mean “entry of the Confirmation

1 Order" (the "**Modifications**"). Therefore, the Original Agreement, the Existing  
2 Amendments, the Modifications, and any further amendments together are the  
3 "**Medsphere Agreement**" herein. The Medsphere Agreement is hereby deemed  
4 incorporated into the Plan by this reference.

5 The District was in default prior to the parties entering the Fifth Amendment.  
6 Medsphere holds certain Claims against the District pursuant to the Medsphere  
7 Agreement, including for defaults of \$501,257.40 of unpaid fees and costs prior to  
8 December 3, 2019, unpaid deferred payments of monthly fees as set forth in the Fifth  
9 Amendment, and attorneys' fees and costs of collection. The defaults and all other  
10 amounts that are due or may come due will be paid in accordance with the Medsphere  
11 Agreement. The District will cure the defaults under the Medsphere contract, however the  
12 District and Medsphere have reached an agreement, whereby over a period of time the  
13 District will cure the defaults due in December 2019 and deferred monthly payments in  
14 accordance with the payment plan set forth in the Medsphere Agreement.

15 In the event that there is any inconsistency between the Medsphere Agreement  
16 and other provisions of the Plan, the Medsphere Agreement shall control. No Claims of  
17 Medsphere shall be discharged, and Medsphere shall be able to enforce the Medsphere  
18 Agreement, in accordance with its terms, and all of its rights and remedies thereunder and  
19 under applicable law in this Bankruptcy Court or in any non-bankruptcy court without  
20 further order of the Bankruptcy Court notwithstanding any provision in the Plan to the  
21 contrary.

22 Notwithstanding anything in the other provisions of the Plan to the contrary, nothing  
23 in the Plan is intended to or shall impair or interfere with the rights of Medsphere under the  
24 Medsphere Agreement or applicable law. The Confirmation Order will incorporate all of  
25 the provisions of the Plan that apply to Medsphere and will provide that Medsphere can  
26 enforce the Medsphere Agreement, in accordance with its terms, and all of its rights and  
27 remedies thereunder and under applicable law in this Bankruptcy Court or in any non-

28

1 bankruptcy court without further order of the Bankruptcy Court notwithstanding any  
2 provision in the Plan to the contrary.

3 Additionally, the provision stated in Section II.E. shall not apply to Medsphere or its  
4 claim against the District.

5 **E. Deadline for the Filing and Assertion of Postpetition Claims,**  
6 **Administrative Claims, and Professional Claims**

7 **All proofs of Claim for Claims arising on or after the Petition Date, and**  
8 **requests for payment or any other means of preserving and obtaining payment of**  
9 **Administrative Claims that have not been paid, released, or otherwise settled, and**  
10 **all requests for a determination regarding the reasonableness of Professional**  
11 **Claims, must be filed with the Bankruptcy Court and served upon the District no**  
12 **later than thirty (30) days before the date set for the Confirmation Hearing.** Any proof  
13 of Claim for Claims arising on or after the Petition Date, or request for payment of an  
14 Administrative Claim or a Professional Claim that is not timely filed will be forever barred  
15 and holders of such Claims shall be barred from asserting such Claims in any manner  
16 against the District.

17 **III. DESIGNATION OF CLASSES OF CLAIMS**

18 Pursuant to sections 1122 and 1123(a)(1), made applicable to chapter 9 via section  
19 901, all Claims other than Administrative Claims are classified for all purposes, including  
20 voting, confirmation, and distribution pursuant to this Plan, as follows:

21 Class 1 – Secured Claims

22 Class 1A – Action Capital Corporation

23 Class 1B – Bank of the West

24 Class 1C – Canon Financial Services, Inc.

25 Class 1D – Cardinal Health 110, LLC

26 Class 1E – Healthcare Resource Group

27 Class 1F – US Foods, Inc.

28 Class 1G – Optum Bank, Inc.

1                   Class 1H – Vi Healthcare Finance, Inc.  
2                   Class 2 – Post-Petition Contracts Not Terminated  
3                   Class 3 – Terminated Post-Petition Contract Claims  
4                   Class 4 – General Unsecured Claims  
5                   Class 5 – Convenience Class Claims.

6 **IV. TREATMENT OF CLAIMS**

7                   **A. Class 1 – Secured Claims<sup>5</sup>**

8                   **1.      Class 1A – Action Capital Corporation**

9                   Class 1A consists of the Claim asserted by Action Capital Corporation (also known  
10 as Coast to Coast Healthcare) in the amount of \$185,600.35, which is purportedly secured  
11 by all accounts receivable of the District arising on or before January 31, 2015.

12                   a.     Impairment and Voting

13                   Class 1A is Impaired by this Plan since the treatment of this Class will affect the  
14 legal, equitable, or contractual rights of Action Capital Corporation. Accordingly, this Class  
15 is entitled to vote to accept or reject the Plan.

16                   b.     Treatment

17                   Action Capital Corporation's Class 1A Claim is purportedly secured solely by  
18 accounts receivable generated on or before January 31, 2015, which the District  
19 estimates to be worth \$0.00. Accordingly, in full satisfaction, release and discharge of the  
20 Class 1A Claim, Action Capital Corporation shall receive an allowed General Unsecured  
21 Claim in the amount of \$185,600.35, which shall be included in and treated in accordance  
22 with the treatment provided for Class 4 claims.

23                   **2.      Class 1B – Bank of the West/Thermo Fisher Financial Services,  
24                   Inc.**

25  
26                   

---

  
27                   <sup>5</sup> In Schedule D, the District scheduled as Secured Claims certain Claims asserted by General Electric  
28 Capital Corporation, HCCA, Marlin Leasing Corporation, and Siemens Healthcare Diagnostics, Inc. (also  
known as Siemens Financial Services, Inc.). The foregoing claimants are not treated as secured creditors  
under the Plan for the reasons set forth in Section V.A.5 of the Disclosure Statement.

1       Class 1B consists of the Claims asserted by Bank of the West ("BOW") in the  
2 amount of \$7,189.61 and Thermo Fisher Financial Services, Inc. ("Thermo") in the  
3 amount of \$12,443.46,<sup>6</sup> which are purportedly secured by an Abbott iSTAT 1 Upgrade  
4 from 200 Series and the related equipment and documentation.

5                   a.     Impairment and Voting

6       Class 1B is Impaired by this Plan since the treatment of this Class will affect the  
7 legal, equitable, or contractual rights of BOW and/or Thermo. Accordingly, this Class is  
8 entitled to vote to accept or reject the Plan.

9                   b.     Treatment

10       In full satisfaction, release and discharge of the Class 1B Claims, the District shall  
11 surrender to BOW or Thermo the collateral for the underlying agreements—namely, one  
12 Abbott iSTAT 1 Upgrade from 200 Series and the related equipment and documentation.  
13 The District shall surrender the subject equipment and documentation on or as soon as  
14 practicable following the Effective Date. The remainder of the Claim asserted by BOW and  
15 Thermo shall be allowed as a General Unsecured Claim in Class 4 in accordance with the  
16 Proofs of Claim filed by BOW and Thermo.

17                   3.     **Class 1C – Canon Financial Services, Inc.**

18       Class 1C consists of the Claim asserted by Canon Financial Services, Inc.  
19 ("Canon") in the amount of \$84,275.90, which is purportedly secured by certain office  
20 equipment subject to the agreements by and between the District and Canon or its  
21 affiliates.

22                   a.     Impairment and Voting

23  
24  
25  
26  
27       

---

<sup>6</sup> BOW and Thermo each filed proofs of Claim asserting secured claims in the subject collateral. Per the  
28 documentation provided in support of the proofs of Claim, it appears that Thermo assigned its rights under  
the agreement with the District to BOW in or about June 2013. Accordingly, under this Plan, the Claims  
asserted by BOW and Thermo are treated as one and the same.

1           Class 1C is Impaired by this Plan since the treatment of this Class will affect the  
2 legal, equitable, or contractual rights of Canon Financial Services, Inc. Accordingly, this  
3 Class is entitled to vote to accept or reject the Plan.

4           b.     Treatment

5           In full satisfaction, release and discharge of the Class 1C Claim, the District shall  
6 surrender to Canon the collateral for the underlying agreement. The District shall  
7 surrender the subject equipment and documentation on or as soon as practicable  
8 following the Effective Date. The remainder of the Claim asserted by Canon shall be  
9 allowed as a General Unsecured Claim in Class 4 in accordance with the proof of Claim  
10 filed by Canon.

11           4.     **Class 1D – Cardinal Health 110, LLC**

12           Class 1D consists of the Claim asserted by Cardinal Health 110, LLC in the amount  
13 of \$838.28, which is purportedly secured by certain funds presently held by Cardinal  
14 Health 110, LLC.

15           a.     Impairment and Voting

16           Class 1D is Unimpaired by this Plan since the treatment of this Class will not affect  
17 the legal, equitable, or contractual rights of Cardinal Health 110, LLC. Accordingly, this  
18 Class is not entitled to vote to accept or reject this Plan.<sup>7</sup>

19           b.     Treatment

20           In full satisfaction, release and discharge of the Class 1D Claim, Cardinal Health  
21 110, LLC shall be entitled to retain the funds presently in its possession, which total  
22 \$838.28. The remainder of the Claim asserted by Cardinal Health 110, LLC shall be  
23 allowed as a General Unsecured Claim in Class 4 in accordance with the proof of Claim  
24 filed by Cardinal Health 110, LLC with the Bankruptcy Court.

25           5.     **Class 1E – Healthcare Resource Group**

27           

---

<sup>7</sup> The Unimpaired status of the Class 1D Claim held by Cardinal Health 110, LLC shall not affect the  
28 right of Cardinal Health 11, LLC, if any, to cast a vote for or against the Plan on account of the portion of its  
Claim categorized as a General Unsecured Claim in Class 4.

1           Class 1E consists of the Claim asserted by Healthcare Resource Group ("HRG") in  
2 the amount of \$151,562.73, which is purportedly secured by the District's accounts,  
3 equipment, and other personal property.

4           a.     Impairment and Voting

5           Class 1E is Impaired by the Plan since the treatment of this Class will affect the  
6 legal, equitable, or contractual rights of HRG. Accordingly, this Class is entitled to vote to  
7 accept or reject the Plan.

8           b.     Treatment

9           HRG's claim shall be satisfied by the payment of \$74,781.37, to be paid on or  
10 before October 15, 2020, in full satisfaction, release and discharge of the Class 1E Claim,

11           6.     **Class 1F – US Foods, Inc.**

12           Class 1F consists of the Claim asserted by US Foods, Inc. ("US Foods") in the  
13 amount of \$35,540.41, which is purportedly secured by all of the District's personal  
14 property.

15           a.     Impairment and Voting

16           Class 1F is Impaired by the Plan since the treatment of this Class will affect the  
17 legal, equitable, or contractual rights of US Foods. Accordingly, this Class is entitled to  
18 vote to accept or reject the Plan.

19           b.     Treatment

20           US Foods' claim shall be satisfied by payment of \$21,324.00 in three (3) equal  
21 monthly installments following the Effective Date of \$7,108.00 per payment, in full  
22 satisfaction, release and discharge of the Class 1F Claim.

23           7.     **Class 1G – Optum Bank, Inc.**

24           Class 1G is comprised of the Disputed Claim asserted by Optum in the amount of  
25 \$2,556,473.27, as of October 31, 2019, which is purportedly secured by the District's real  
26 property as well as personal property and general intangible assets to the extent not  
27 limited by 11 U.S.C. § 552(a). The validity and enforceability of the Optum Claim is the  
28 subject of the Optum Adversary.

a. Impairment and Voting

2 Class 1G is Impaired by this Plan since the treatment of this Class will affect the  
3 legal, equitable, or contractual rights of Optum. Accordingly, this Class is entitled to vote  
4 to accept or reject the Plan.

b. Treatment

6 The District and Optum have agreed to a settlement of all claims between and  
7 among the District and Optum. The salient terms of the agreement are summarized  
8 below. To the extent the agreement between Optum and the District conflicts with the  
9 summarized terms herein, the settlement agreement shall control. Pursuant to the  
10 settlement, the District agrees to pay, and Optum agrees to receive, payment of sixty-  
11 seven thousand, five hundred dollars (\$67,500.00) in full satisfaction of all of Optum's  
12 alleged claims including Optum's alleged secured claim. Such amounts will be paid in full  
13 by the District to Optum no later than ten (10) business days after the Effective Date  
14 pursuant to the specific terms of the settlement. Additionally, within ten (10) business days  
15 of the Effective Date, Optum will re-convey all deeds of trust against the District's  
16 property, and will file a UCC-3 financing statement to terminate any and all UCC-1  
17 financing statements filed by Optum.

18 The District and Optum will each respectively dismiss all pending actions and  
19 adversary proceedings filed against each other.

20       Upon entry of the dismissal, with prejudice, of the Amended Answer, Affirmative  
21    Defenses and Counterclaim, filed in adversary proceeding no. 17-01077 [Docket No. 24],  
22    the District shall be deemed to release Optum with respect to all claims, known or  
23    unknown, relating to or arising out of the Business Loan Agreement whereby Optum  
24    agreed to loan the District \$1,676,000, the Promissory Note dated February 20, 2015  
25    whereby the District promised to pay to the order of Optum the principal sum of  
26    \$1,676,000 payable with interest thereon, the Commercial Security Agreement dated  
27    February 20, 2015, in favor of Optum, the Deed of Trust dated February 20, 2015, the  
28    Assignment of Rents dated February 20, 2015, in favor of Optum, the Governmental

1 Certificate on or around February 20, 2015, and the above-captioned bankruptcy case,  
2 the adversary proceeding no. 17-01077, and/or the adversary proceeding no. 18-01046,  
3 except for Optum's obligations under the settlement agreement.

4       Upon entry of the dismissal, with prejudice, of the adversary proceeding no. 17-  
5 01077, and the adversary proceeding no. 18-01046, and upon the receipt in good funds of  
6 the sixty-seven thousand, five hundred dollars (\$67,500.00), Optum shall be deemed to  
7 release the District with respect to all claims, known or unknown, relating to the Business  
8 Loan Agreement whereby Optum agreed to loan the District \$1,676,000, the Promissory  
9 Note dated February 20, 2015 whereby the District promised to pay to the order of Optum  
10 the principal sum of \$1,676,000 payable with interest thereon, the Commercial Security  
11 Agreement dated February 20, 2015, in favor of Optum, the Deed of Trust dated  
12 February 20, 2015, the Assignment of Rents dated February 20, 2015, in favor of Optum,  
13 the Governmental Certificate on or around February 20, 2015, and the above-captioned  
14 bankruptcy case, the adversary proceeding no. 17-01077, and/or the adversary  
15 proceeding no. 18-01046.

16           **8. Class 1H – Vi Healthcare Finance, Inc.**

17       Class 1F is comprised of any and all funds advanced to the District by ViHF  
18 pursuant to the ViHF LOC.

19           a. Impairment and Voting

20       Class 1H is Impaired by the Plan since the treatment of this Class will affect the  
21 legal, equitable, or contractual rights of ViHF; this Class is entitled to vote to accept or  
22 reject the Plan.

23  
24  
25  
26  
27           b. Treatment  
28

1       The District, ViHF, HCCA, and others have reached a settlement ("ViHF  
2 **Agreement**"), subject to documentation<sup>8</sup>, whereby no later than thirty (30) days after the  
3 effective date, as defined in the ViHF Agreement, ("Closing Date"), the District shall pay  
4 to ViHF the total sum of nine hundred thousand dollars (\$900,000) (the "ViHF Settlement  
5 **Claim**") as follows: six hundred thousand dollars (\$600,000) on the Closing Date and  
6 three hundred thousand dollars (\$300,000) payable in four (4) installments of seventy five  
7 thousand dollars (\$75,000) per annum (the "Annual Payments"), with the first of the  
8 Annual Payments payable on January 15, 2021 (the "Annual Payment Date"), and  
9 thereafter on each anniversary of the Annual Payment Date until the ViHF Settlement  
10 Claim has been paid in full. The Annual Payments shall be made by wire transfer directly  
11 from the Inyo County Treasurer to ViHF per instructions provided by ViHF. No interest  
12 shall be payable on the ViHF Settlement Claim.

13       Upon the Closing Date, the District shall deliver to ViHF a duly executed  
14 promissory note in the amount of three hundred thousand dollars (\$300,000) the  
15 obligations contained therein of which will be secured by the tax revenues collected by the  
16 District.

17       ViHF shall reconvey the prior security interest to the District on the Closing Date  
18 and cancel the promissory notes secured thereby, as well as any other security document  
19 in which the District is the obligor and HCCA and/or ViHF is the original payee, evidencing  
20 all prior obligations owed by the District to ViHF and HCCA. All such obligations which  
21 shall be deemed paid in full on the Closing Date. If there is a conflict between this  
22 treatment and the ViHF Agreement, the ViHF Agreement shall control.

23       **B. Class 2 – Post-Petition Contracts Not Terminated**

24       Class 2 is comprised of the Claims listed in Exhibit 5.

25       1. **Impairment and Voting**

27       <sup>8</sup> In the event that HCCA/ViHF and the District are unable to memorialize their agreement for any  
28 reason, HCCA and ViHF shall have the authority to reassert their Claims and the District shall have the right  
to reassert any objections to such Claims.

1           Class 2 is Impaired by this Plan since the treatment of this Class will affect the  
2 legal, equitable, or contractual rights of the holders of Class 2 Claims. Accordingly, this  
3 Class is entitled to vote to accept or reject the Plan.

4           **2. Treatment**

5           Except with respect to Professional Claims, in full satisfaction, release and  
6 discharge of the Class 2 Claims, holders of Class 2 Claims shall receive monthly  
7 distributions under the Plan equal to 12% of its claim, as listed in Exhibit 5, beginning on  
8 the first full month after the Effective Date until December 2029.

9           **C. Class 3 – Terminated Post-Petition Contract Claims**

10           Class 3 consists of the Claims listed in Exhibit 6 of the Plan Exhibits.

11           **1. Impairment and Voting**

12           Class 3 is Impaired by the Plan since the treatment of this Class will affect the  
13 legal, equitable, or contractual rights of the holders of Class 3 Claims. Accordingly, this  
14 Class is entitled to vote to accept or reject the Plan.

15           **2. Treatment**

16           In full satisfaction, release and discharge of the Class 3 Claims, holders of Class 3  
17 Claims shall receive monthly distributions under the Plan equal to 12% of its claim, as  
18 listed in Exhibit 6, beginning on the first full month after the Effective Date until December  
19 2029.

20           **3. Class 5 Election**

21           Holders of Terminated Post-Petition Contract Claims in Class 3 may elect to have  
22 their Claim(s) treated as Class 5 Claim(s) by so noting on the Ballot. Any Class 3 Claim  
23 electing treatment under Class 5 shall irrevocably forfeit its status as a Class 3  
24 Terminated Post-Petition Contract Claim and the holder of such Claim shall be deemed to  
25 have accepted payment as a holder of a Claim in Class 5 in full satisfaction, release and  
26 discharge of their Claim.

27

28           **D. Class 4 – General Unsecured Claims**

1 Class 4 is comprised of the Claims listed in Exhibit 7.<sup>9</sup>

2 **1. Impairment and Voting**

3 Class 4 is Impaired by this Plan since the treatment of this Class will affect the  
4 legal, equitable, or contractual rights of the holders of Class 4 Claims. Accordingly, this  
5 Class is entitled to vote to accept or reject the Plan.

6 **2. Treatment**

7 Except with respect to Professional Claims, in full satisfaction, release and  
8 discharge of the Class 4 Claims, holders of Class 4 Claims shall receive monthly  
9 distributions under the Plan equal to 12% of its claim, as listed in Exhibit 7, beginning on  
10 the first full month after the Effective Date until December 2029.

11 **3. Class 5 Election**

12 Holders of General Unsecured Claims in Class 4 may elect to have their Claim(s)  
13 treated as Class 5 Claim(s) by so noting on the Ballot. Any Class 4 Claim electing  
14 treatment under Class 5 shall irrevocably forfeit its status as a Class 4 General Unsecured  
15 Claim and the holder of such Claim shall be deemed to have accepted payment as a  
16 Class 5 Claim in full satisfaction, release and discharge of their Claim.

17 **E. Class 5 – Convenience Claims**

18 Class 5 is comprised of the Claims in an amount of \$250.00 or less. A list of all  
19 Class 5 Claims is set forth in Exhibit 8.

20 **1. Impairment and Voting**

21 Class 5 is Impaired by this Plan since the treatment of this Class will affect the  
22 legal, equitable, or contractual rights of the holders of Class 5 Claims. Accordingly, this  
23 Class is entitled to vote to accept or reject the Plan.

24 **2. Treatment**

25  
26  
27 <sup>9</sup> Exhibit 7 does not include any estimate(s) on account of the potential General Unsecured Claim of  
28 Optum, if any. If the Bankruptcy Court rules that Optum is entitled to an allowed General Unsecured Claim,  
such Claim shall be entitled to a distribution according to Class 4.

1        In full satisfaction, release and discharge of the Class 5 Claims, holders of Class 5  
2 Claims shall receive Cash on the Effective Date, or as soon thereafter as practicable, in  
3 an amount equal to the lesser of (a) the amount of their Allowed Class 4 Claims or (b)  
4 \$100.00.

5 **V. ACCEPTANCE OR REJECTION; CRAMDOWN**

6        **A. Voting of Claims**

7        Each holder of an Allowed Claim classified into Classes 1A, 1B, 1C, 1E, 1F, 1G,  
8 1H, 2, 3, 4, and 5 shall be entitled to vote each such Claim to accept or reject this Plan.

9        With respect to any Class of Impaired Claims that fails to accept this Plan, the  
10 District intends to request that the Bankruptcy Court nonetheless confirm this Plan  
11 pursuant to the so-called "cramdown" powers set forth in section 1129(b).

12 **VI. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

13        **A. Assumption of Executory Contracts and Unexpired Leases**

14        Without the need to file any further motions, the District intends to assume and will  
15 assume as of the Effective Date all executory contracts and unexpired leases to which it is  
16 a party and which was entered into prior to the Petition Date, except (i) for those  
17 unexpired leases and executory contracts specifically identified in subsection C. below or  
18 (ii) as otherwise provided in this Plan.

19        **B. Cure Payments**

20        To cure any purported default or arrears under the executory contracts and  
21 unexpired leases the District plans to assume through the Plan, the District shall make the  
22 cure payments listed on Exhibit 9 on the Effective Date unless otherwise agreed to.<sup>10</sup> The  
23 Bankruptcy Court shall resolve all disputes regarding: (i) the amount of any cure payment  
24 to be made in connection with the assumption of any contract or lease; (ii) the ability of the

25  
26  
27        <sup>10</sup> If an executory contract or unexpired lease is not identified on Exhibit 9, the District shall not make  
any cure payment to any party or parties to such agreement as the District does not have any record of any  
outstanding amount owing under the subject agreement. The omission of the subject contract or lease,  
however, shall not in any way affect the assumption of the subject agreement by and through the Plan.

1 District to provide "adequate assurance of future performance" within the meaning of  
2 section 365 under the contract or lease to be assumed; and (iii) any other matter  
3 pertaining to such assumption and assignment. If any party to an executory contract or  
4 unexpired lease that is to be assumed by the District asserts that the proposed cure  
5 payment is insufficient or some other performance is required to assume the subject  
6 contract or lease, such party shall file with the Bankruptcy Court and serve upon the  
7 District a written statement and accompanying declaration in support thereof specifying  
8 the basis for its position and accounting for the purported amount owing under the subject  
9 contract or lease not later than thirty (30) days **before** the Confirmation Hearing. The  
10 failure to timely file and serve such a statement shall be deemed to be a waiver of any and  
11 all objections to the proposed assumption, including, without limitation, any objection  
12 pertaining to the adequacy of the proposed cure payment.

13 **C. Rejection of Executory Contracts and Unexpired Leases<sup>11</sup>**

14 Without the need to file any further motions, the District elects to reject and shall be  
15 deemed to have rejected as of the Effective Date the following executory contracts and  
16 unexpired leases:<sup>12</sup>

17

- 18 • Master Lease Agreement dated as of November 13, 2012 between the  
19 District, as lessee, and General Electric Capital Corporation, as lessor, and  
20 all other leases based thereon, pertaining to, among other things, a Proteus  
21 X Ray XR/a 65W Radiographic System;
- 22 • Lease dated March 7, 2013 between the District, as lessee, and Thermo  
23 Fisher Financial Services, Inc., as lessor, and/or Bank of the West, as  
24 assignee of Thermo Fisher Financial Services, Inc., pertaining to an Abbott

25

26 <sup>11</sup> The Management Services Agreement ("MSA") by and between the District and HCCA was rejected  
27 via stipulation prior to the preparation and submission of the Plan. See Docket No. 377. As such, the MSA is  
not listed in this section. The exclusion of the MSA shall not in any way alter the prior rejection of the MSA or  
the agreement(s) of the District and HCCA relation to such rejection.

28 <sup>12</sup> Any reference contained herein to an agreement as a "lease" shall not constitute an admission  
regarding whether the subject constitutes "true lease" under applicable law.

1 iSTAT 1 Upgrade from 200 Series and related equipment and  
2 documentation;

3 • Agreement dated October 9, 2014, between the District and Thermo Fisher  
4 Financial Services, Inc., pertaining to a VITROS 350 Chemistry System;

5 • Lease between the District, as lessee, and Healthland, Inc., as lessor,  
6 pertaining to certain medical billing hardware and software;

7 • Lease No. x005 between the District, as lessee, and Canon Financial  
8 Services, as lessor, pertaining to Canon ImageRunner 1730iF (serial  
9 number x4453);

10 • Lease No. x006 between the District, as lessee, and Canon Financial  
11 Services, as lessor, pertaining to Canon ImageRunner Advance 6255 (serial  
12 number x1950);

13 • Lease No. x007 between the District, as lessee, and Canon Financial  
14 Services, as lessor, pertaining to Canon ImageRunner 1730iF (serial  
15 number x4451);

16 • Lease no. x008 between the District, as lessee, and Canon Financial  
17 Services, as lessor, pertaining to IRA 4235 (serial number x1785), IRA  
18 1025iF (serial number x5469), IRA 400iF (serial number x2533), IRA 400iF  
19 (serial number x1857), IRA 400iF (serial number x1862), and IR 1730iF  
20 (service only) (serial number x5155);

21 • Agreement between the District and Celleration Inc.;

22 • Agreement between the District, as employer, and Dr. Kenneth L. Saeger,  
23 as employee;

24 • Agreement between the District, as employer, and Dr. Milton R. Jones, as  
25 employee;

26 • Agreement between the District, as employer, and Dr. Steve Chong Luo, as  
27 employee;

- Service Agreement between the District and Laboratory Specialists International, as service provider;
- Lease between the District, as lessee, and Marlin Leasing Corporation, as lessor, pertaining to certain medical equipment, including a Horiba Medical Pentra 60 C+, two Unimac Natural Gas Dryers, and one Ultrascan table;
- Agreement between the District and T System, Inc; and
- Agreement between the District and Tosoh Bioscience, Inc.

#### **D. Claims Arising from Rejection**

9        Unless otherwise agreed by the District and the counterparty or counterparties to  
10 the subject contract or lease, proofs of Claim arising from the rejection of executory  
11 contracts or unexpired leases must be filed with the Bankruptcy Court and served on the  
12 District no later than thirty (30) days after the Effective Date. The failure to properly and  
13 timely assert a rejection damages Claim pursuant to this Section VI.D. shall result in such  
14 Claim being forever barred and rendered unenforceable against the District or its assets,  
15 properties, or interests in property. Unless otherwise ordered by the Bankruptcy Court, all  
16 such Claims that are timely filed as provided herein shall be classified into Class 4  
17 (General Unsecured Claims) and treated accordingly.

## 18 | VII. IMPLEMENTATION AND MEANS FOR IMPLEMENTATION OF THIS PLAN

19 Under the Plan, the District shall be required to make Cash disbursements totaling  
20 approximately \$5,894,951.00<sup>13</sup> to the holders of Allowed Claims over a term of  
21 approximately ten (10) years while paying an estimated \$10,000,000 per year in revenues  
22 for the costs and expenses associated with maintaining the operations of the District's  
23 facilities and services, including, without limitation, costs associated with staffing, supplies  
24 and equipment, and capital expenditures for the acquisition of new property and

<sup>13</sup> In this section, the numbers used refer to the projection that is the "worst case" scenario, or the fourth scenario where Optum's claim is secured up to the full amount of its claim.

1 maintenance of current property. As discussed in greater detail in the Disclosure  
2 Statement, the Plan will be funded utilizing the following sources:

- 3 • Cash on Hand. The District estimates that it will have approximately  
4 \$906,626.00 in cash on hand on the Effective Date.
- 5 • Operations. The District estimates that it will generate approximately  
6 \$10,500,000 per year as of the Effective Date from the operations, and  
7 ramping up to \$15,000,000 per year by 2026.
- 8 • Federal Grants. The District estimates that it will receive approximately  
9 \$540,000 per year in federal grants through its partnership with Merchant  
10 McIntyre, a federal funding lobbying group, and that funds will begin to arrive  
11 in 2020.
- 12 • Los Angeles Department of Water and Power ("LADWP"). The District  
13 estimates that it will receive funding from LADWP beginning in 2020 and  
14 lasting approximately five (5) years in the amount of approximately  
15 \$1,000,000 per year.
- 16 • Great Basin Air Pollution Control District ("GBAPCD"). The District estimates  
17 that it will receive a block grant from GBAPCD in the approximate amount of  
18 \$600,000 in 2020.
- 19 • Ad Valorem Tax. The District receives Ad Valorem taxes and other related  
20 taxes totaling approximately \$540,000 per year. Additionally approximately  
21 \$600,000 in Ad Valorem taxes have accumulated. Any Ad Valorem taxes  
22 collected after ViHF is paid \$600,000 from the segregated taxes will be used  
23 to fund the Plan.
- 24 • Parcel tax. The District receives parcel taxes in the approximate amount of  
25 \$375,000 per year.
- 26 • Toiyabe Project. The District is working with the Toiyabe tribe in order to  
27 become the provider of health services for the tribe.

- 1           • Litigation Proceeds. As discussed in the Disclosure Statement, the District  
2           intends to commence litigation against certain individuals and entities. If  
3           successful, the District may obtain damages. Such funds will be available for  
4           the payment of Claims under the Plan and the maintenance of the District's  
5           operations.
- 6           • The District will apply for, and hopes to obtain, a Revenue Bond that shall  
7           remain special revenues and shall be used for the payment of Plan  
8           payments in accordance with the terms of the Revenue Bond and the  
9           requirements regarding use of the funds.

10           In sum, pursuant to the Plan, the District shall have approximately \$906,626.00 in  
11 cash on hand on the Effective Date and \$10,500,000 per year in revenues as of the  
12 Effective Date from the operations, and ramping up to \$15,000,000 per year by 2026 in  
13 revenues per year. As a result, and as the projections reflect, the District shall be able to  
14 maintain operations so that it can continue providing desperately needed medical  
15 treatment to the community at large and make all payments required under the Plan.

16 **VIII. RESERVATION OF RIGHTS OF ACTION**

17           All of the District's claims, causes of action, rights of recovery, rights of offset, rights  
18 of recoupment, rights to refunds, and similar rights shall be retained by the District. The  
19 failure to list in the Disclosure Statement any potential or existing Right of Action retained  
20 by the District is not intended to and shall not limit the rights of the District to pursue any  
21 such action. Unless a Right of Action is expressly waived, relinquished, released,  
22 compromised, or settled (in this Plan or otherwise), the District expressly reserves all  
23 Rights of Action for later adjudication and, as a result, no preclusion doctrine, including the  
24 doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppel  
25 (judicial, equitable, or otherwise), or laches, shall apply to such Rights of Action upon or  
26 after the confirmation or consummation of this Plan or the Effective Date. In addition, the  
27 District expressly reserves the right to pursue or adopt against any other entity any claims  
28 alleged in any lawsuit in which the District is a defendant or an interested party.

1      **IX. DISTRIBUTIONS**

2      **A. Disbursing Agent**

3      On and after the Effective Date, the District shall serve as disbursing agent for  
4      payments to be made under this Plan in accordance with section 944. Notwithstanding,  
5      the District may retain one or more agents to perform or assist it in making distributions  
6      pursuant to this Plan, which agents may serve without bond. The District may provide  
7      reasonable compensation to any such agent(s) without further notice or Bankruptcy Court  
8      approval.

9      **B. Delivery of Distributions**

10     All distributions to any holder of an Allowed Claim shall be made at the address of  
11    such holder as set forth in the books and records of the District or its agents unless (i) the  
12    holder has designated an alternate address for payment in a proof of Claim filed with  
13    Bankruptcy Court or (ii) specifies an alternate address on its Ballot. Any and all  
14    notifications of address changes and all address confirmations should be mailed to: Kelly  
15    Adele at Weiland Golden Goodrich LLP, 650 Town Center Drive, Suite 600, Costa Mesa,  
16    California 92626, or rbeall@wgllp.com.

17     **C. Undeliverable Distributions**

18     **1. Holding of Undeliverable Distributions**

19     If any distribution to a holder of an Allowed Claim is returned to the District or its  
20    agent as undeliverable, no further distributions shall be made to such holder unless and  
21    until the District is notified in writing of such holder's then-current address. Unless and  
22    until the District is so notified, such distribution shall be deemed to be "Unclaimed  
23    Property" and shall be set aside and held in a segregated account to be administered  
24    pursuant to Section IX.

25     **2. Notification and Forfeiture of Unclaimed Property**

26     On the first anniversary of the Effective Date, the District will file with the  
27    Bankruptcy Court a list of Unclaimed Property, together with a schedule that identified the  
28    name and last-known address of the individuals and entities entitled to the Unclaimed

1 Property. The District shall not be otherwise required to attempt to locate any such  
2 individual or entity. On the second anniversary of the Effective Date, all remaining  
3 Unclaimed Property and accrued interest or dividends earned thereon will be remitted to  
4 and vest in the District. Additionally, such individuals and entities shall be deemed to have  
5 waived and forfeited their right to any future payments under the Plan and such funds  
6 shall be retained by the District. Notwithstanding the non-payment of any forfeited Claims,  
7 such Claims shall be deemed satisfied and discharged as if paid pursuant to the terms of  
8 the Plan.

9 **D. Distribution of Cash**

10 Any payment of Cash to be made by the District or its agent pursuant to this Plan  
11 shall be made by check drawn on a domestic bank or by wire transfer, at the sole option  
12 of the District.

13 **E. Timeliness of Payments**

14 Any payments or distributions to be made pursuant to this Plan shall be deemed to  
15 be timely made if made within fourteen (14) Business Days after the date(s) specified in  
16 this Plan. Whenever any distribution to be made under this Plan is due on a day that is not  
17 a Business Day, such distribution instead shall be made, without interest, on the  
18 immediately succeeding Business Day, but shall be deemed to have been made on the  
19 date due.

20 **F. Default and Cure**

21 The following provision shall apply except as otherwise provided for in an  
22 agreement between the District and another party. In the event the District fails to make  
23 any payment required under this Plan in a timely manner, the affected creditors shall  
24 serve the District with a notice of default not later than thirty (30) days after the purported  
25 default along with any documentation supporting the allegation of an alleged default. Not  
26 later than sixty (60) days after receipt of the notice of default, the District shall either (i)  
27 cure the default or (ii) serve the affected creditor(s) with a statement and supporting  
28 documentation contesting the allegation of default. In the event the District contests an

1 alleged default, not later than five (5) Business Days after serving a response to a  
2 purported default, the District shall file a motion with the Bankruptcy Court requesting a  
3 resolution of the dispute relating to the alleged default and set the motion for hearing on  
4 the first available hearing date not sooner than fourteen (14) days after filing the motion. If  
5 the Bankruptcy Court rules that the non-payment constitutes an event of default under the  
6 Plan, the District shall cure the purported default not later than five (5) Business Days  
7 following the entry of a Final Order of the Bankruptcy Court adopting the finding with  
8 respect to the purported default.

9                   **G. Compliance with Tax Requirements**

10                  Any and all distributions pursuant to the Plan shall be subject to any applicable tax  
11 withholding and reporting requirements imposed on it by any governmental unit. In  
12 connection with each distribution which requires the filing of an information return (such as  
13 Internal Revenue Service Form 1099 or 1042) or withholding, the District shall file such  
14 information return with the Internal Revenue Service and provide any required statements  
15 in connection therewith to the recipients of such distribution, or effect any such withholding  
16 and deposit all moneys so withheld to the extent required by law. With respect to any  
17 entity from whom a tax identification number, certified tax identification number, or other  
18 tax information is required by law to avoid withholding has not been received by the  
19 District at the time the district is to be made, the District, at its sole option, may withhold  
20 the amount required and distribute the balance to such entity or the District may decline to  
21 make such distribution(s) until the information is received.

22                   **H. Time Bar to Cash Payments**

23                  Checks issued by the District on account of Allowed Claims will be null and void if  
24 not negotiated with ninety (90) days from and after the date of issuance thereof. Requests  
25 for reissuance of any check shall be submitted in writing to: Ryan W. Beall at Weiland  
26 Golden Goodrich LLP, 650 Town Center Drive, Suite 600, Costa Mesa, California 92626,  
27 or via email addressed to [rbeall@wgllp.com](mailto:rbeall@wgllp.com). Any request for reissuance of an expired  
28 check must be not later than 180 calendar days following the initial issuance of the subject

1 check. After such date, the amounts stated in the voided check(s) shall be deemed  
2 forfeited and the District shall retain such funds. Any amounts forfeited pursuant to the  
3 preceding sentence shall be deemed paid to and received by the subject claimant for  
4 purposes of calculating the amounts owing to such creditor under the Plan.

5 **I. No De Minimis Distributions**

6 With the exception of Class 5 Claims (Convenience Class Claims), no payment of  
7 less than ten dollars (US\$10.00) will be made by the District on account of any Allowed  
8 Claim.

9 **J. No Distributions on Account of Disputed Claims or Disallowed Claims**

10 Notwithstanding anything to the contrary in this Plan, no distributions shall be made  
11 on account of any part of any Disputed Claim or Disallowed Claim unless and until such  
12 Claim becomes an Allowed Claim and only to the extent such Claim constitutes an  
13 Allowed Claim. Distributions made after the Effective Date with respect to Claims that  
14 were not Allowed Claims as of the Effective Date, but are later determined to be Allowed  
15 Claims, shall be deemed to have been made on time and in accordance with the terms of  
16 the Plan.

17 If any distributions are made prior to the resolution of a dispute pertaining to a  
18 Claim, the portion that would be payable on account of such Claim if such Claim was an  
19 Allowed Claim, shall be held in a segregated bank account. If the Claim is subsequently  
20 adjudicated to be an Allowed Claim, the segregated funds shall be distributed to the  
21 holder of such Claim. Any interest accrued on account of the segregated funds shall be  
22 paid to and retained by the District.

23 **K. No Post-Petition Date Accrual**

24 Unless otherwise specifically provided in the Plan, specifically agreed to by the  
25 District in writing, or allowed by order of the Bankruptcy Court, the District will not be  
26 required to pay to any holder of a Claim any interest, penalty or late charge accruing with  
27 respect to such Claim on or after the Petition Date.

1    X.    **DISPUTED CLAIMS; OBJECTIONS TO CLAIMS; PROSECUTION OF**  
2       **OBJECTIONS TO DISPUTED CLAIMS**

3       A.    **Claim Objection Deadline; Prosecution of Objections**

4          The District shall have the right to object to the allowance of Claims filed with the  
5    Bankruptcy Court with respect to which liability or allowance is disputed in whole or in  
6    part. Unless otherwise ordered by the Bankruptcy Court, the District shall file and serve  
7    any such objections to Claims (whether by motion or commencement of an adversary  
8    proceeding) by not later than one hundred and eighty (180) days after the Effective Date  
9    (or, in the case of Claims properly filed after the Effective Date, by not later than one  
10 hundred and eighty (180) days after the date of filing of such Claims).

11       B.    **Reserves, Payments and Distributions with Respect to Disputed**  
12          **Claims**

13          At such time as a Disputed Claim becomes an Allowed Claim, in whole or in part,  
14    the District or its agent shall distribute to the holder thereof the distributions, if any, to  
15    which such holder is then entitled under the Plan in the manner set forth in the Plan. Such  
16    distributions, if any, shall be made as soon as practicable after the date that the order or  
17    judgment of the Bankruptcy Court allowing such Claim becomes a Final Order, but in no  
18    event more than sixty (60) days thereafter, unless otherwise provided in the Plan, order of  
19    the Bankruptcy Court, or agreement between the District and the subject Claim holder.  
20    Unless otherwise specifically provided in the Plan or allowed by order of the Bankruptcy  
21    Court, no interest will be paid on Disputed Claims that later become Allowed Claims.

22    XI.    **EFFECT OF CONFIRMATION**

23       A.    **Discharge of the District**

24          Pursuant to section 944, upon the substantial consummation of this Plan, the  
25    District shall be discharged from all debts (as defined in the Bankruptcy Code) of the  
26    District and Claims against the District other than (i) any debt specifically and expressly  
27    excepted from discharge by this Plan or the Confirmation Order and (ii) any debt owed to  
28    an entity that, before the confirmation of this Plan, had neither notice nor actual

1 knowledge of the Chapter 9 Case. Substantial consummation, as defined in 11 U.S.C. §  
2 1101(2), shall mean: (1) a transfer of all or substantially all of the property proposed by the  
3 Plan to be transferred; (2) assumption by the District or by any successor to the District  
4 under the Plan of the business or of the management of all or substantially all of the  
5 property dealt with by the Plan; and (3) commencement of Distributions under the Plan.  
6 Upon substantial consummation of the Plan, the District shall file with the Court and serve  
7 upon all interested parties a notice of substantial consummation of the Plan.

8 The rights afforded in this Plan and the treatment of all holders of Claims, whether  
9 Impaired or Unimpaired, shall be in exchange for and in complete satisfaction, discharge  
10 and release of all Claims of any nature whatsoever arising on or before the Effective Date,  
11 known or unknown, including any interest accrued or expenses incurred thereon from and  
12 after the Petition Date, whether against the District or any of its properties, assets or  
13 interests in property. Except as otherwise provided herein, upon the Effective Date, all  
14 Claims against the District shall be deemed satisfied, discharged, and released in full,  
15 whether Impaired or Unimpaired.

16 **B. Injunction**

17 **EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN, ALL**  
18 **ENTITIES WHO HAVE HELD, HOLD OR MAY HOLD PRE-CONFIRMATION DATE**  
19 **CLAIMS SHALL BE PERMANENTLY ENJOINED FROM AND AFTER THE**  
20 **CONFIRMATION DATE FROM: (I) COMMENCING OR CONTINUING IN ANY MANNER**  
21 **ANY ACTION OR OTHER PROCEEDING OF ANY KIND WITH RESPECT TO ANY**  
22 **SUCH PRE-CONFIRMATION DATE CLAIMS AGAINST THE DISTRICT OR ITS**  
23 **PROPERTY; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY**  
24 **ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE OR ORDER**  
25 **AGAINST THE DISTRICT OR ITS PROPERTY WITH RESPECT TO SUCH PRE-**  
26 **CONFIRMATION DATE CLAIMS; (III) CREATING, PERFECTING, OR ENFORCING**  
27 **ANY LIEN OR ENCUMBRANCE OF ANY KIND AGAINST THE DISTRICT OR ITS**  
28 **PROPERTY; AND (IV) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION OR**

1 **RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE TO THE DISTRICT**  
2 **WITH RESPECT TO ANY SUCH PRE-CONFIRMATION DATE CLAIMS.**

3 **C. Term of Existing Injunctions or Stays**

4 Unless otherwise provided, all injunctions or stays provided for in the Chapter 9  
5 Case pursuant to sections 105, 362, or 922, or otherwise, and in existence on the  
6 Confirmation Date, shall remain in full force and effect unless and until the District  
7 receives a discharge in accordance with Section XI.A.

8 **D. Exculpation**

9 Except with respect to obligations specifically arising pursuant to or preserved in  
10 this Plan, no Exculpated Party shall have or incur, and each Exculpated Party is hereby  
11 released and exculpated from, any claim, obligation, cause of action or liability for any  
12 claim in connection with or arising prior to or on the Effective Date for any act taken in  
13 connection with, or related to, (i) the administration of the Chapter 9 Case, (ii) the  
14 negotiations, pursuit, confirmation, solicitation of votes for, consummation or  
15 implementation of the Plan, (iii) the administration of the Plan or property to be distributed  
16 under the Plan, (iv) the Cal. Gov't Code § 53760 process or compliance therewith, (v) any  
17 document, release, contract, or other instrument entered into in connection with, or related  
18 to, the Plan, and/or (vi) any other transaction contemplated by or entered into in  
19 connection with the Plan or entered into during the administration of the Chapter 9 Case;  
20 *provided, however,* that nothing in this Section XI.D. shall be deemed to release or  
21 exculpate any Exculpated Party for its willful misconduct or gross negligence. In all  
22 respects, each Exculpated Party shall be entitled to reasonably rely upon the advice of  
23 counsel with respect to its duties and responsibilities pursuant to the Plan.

24 **E. Good Faith Compromise**

25 In consideration for the distributions and other benefits provided under this Plan,  
26 the provisions of this Plan, including, without limitation, the exculpation provision  
27 contained in Section XI.D. of this Plan, constitute a good faith compromise and settlement  
28 of all Claims, causes of action and/or controversies relating to the rights that a holder of a

1 Claim may have with respect to the District, any distributions to be made pursuant to the  
2 Plan on account of any such Claim, and any and all Claims and causes of action of any  
3 party. The entry of the Confirmation Order constitutes the Bankruptcy Court's approval, as  
4 of the Effective Date, of the compromise or settlement of all such Claims and/or  
5 controversies and the Bankruptcy Court's finding that all such compromises or settlements  
6 are in the best interests of the District and the holders of Claims, and are fair, equitable,  
7 and reasonable.

8 **XII. RETENTION OF AND CONSENT TO JURISDICTION**

9 Following the Effective Date, and in accordance with section 945, the Bankruptcy  
10 Court shall retain and have exclusive jurisdiction over any matter arising under the  
11 Bankruptcy Code and relating to the District and/or arising in or related to the Chapter 9  
12 Case or this Plan or the documents filed in support thereof, including, but not limited to:

- 13 1. The assumption, assumption and assignment, or rejection of any executory  
14 contract or unexpired lease to which the District is a party or with respect to which the  
15 District may be liable, and to hear, determine, and, if necessary, liquidate any Claims  
16 arising therefrom;
- 17 2. The entry or orders as may be necessary or appropriate to implement or  
18 consummate the provisions of this Plan, and all other contracts, settlement agreements,  
19 instruments, releases, exculpations, and other agreements or documents related to this  
20 Plan;
- 21 3. Any and all motions, adversary proceedings, applications, and contested or  
22 litigated matters that may be pending on the Effective Date or that, pursuant to the Plan,  
23 may be instituted by the District after the Effective Date or that are instituted by any holder  
24 of a Claim before or after the Effective Date concerning any matter based upon, arising  
25 out of, or relating to the Chapter 9 Case, whether or not such action is initially filed in the  
26 Bankruptcy Court or any other court, including, without limitation, the Optum Adversary;
- 27 4. Distributions to holders of Allowed Claims pursuant to this Plan;

- 1        5. Any objections to Claims or to proofs of Claim filed, both before and after the
- 2        Effective Date, including any objections to the classification of any Claim, and motions to
- 3        allow, disallow, determine, liquidate, classify, estimate or establish the priority of or
- 4        secured or unsecured status of any Claim, in whole or in part;
- 5        6. The entry of orders as may be appropriate in the event the Confirmation Order is
- 6        for any reason stayed, revoked, modified, reversed or vacated;
- 7        7. The entry of orders in aid of execution of this Plan, to the extent authorized by
- 8        section 1142(b);
- 9        8. Modifications to this Plan, the cure of any defect or omission, or the
- 10       reconciliation any inconsistency in any order of the Bankruptcy Court, including the
- 11       Confirmation Order;
- 12       9. Disputes or controversies arising in connection with or relating to this Plan or the
- 13       Confirmation Order or the interpretation, implementation, or enforcement of this Plan or
- 14       the Confirmation Order or the extent of any entity's obligations incurred in connection with,
- 15       released, enjoined, or exculpated under this Plan or the Confirmation Order;
- 16       10. The issuance of injunctions, entry and implementation of other orders, or such
- 17       other actions as may be necessary or appropriate to restrain interference by any entity
- 18       with consummation or enforcement of this Plan;
- 19       11. Any other matters that may arise in connection with or are related to this Plan,
- 20       the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or
- 21       other agreement or document related to this Plan or the Disclosure Statement;
- 22       12. Any other matter for any purpose specified in the Confirmation Order that is not
- 23       inconsistent with the Bankruptcy Code; and
- 24       13. Any and all disputes or controversies arising in connection with or relating to
- 25       the terms or enforcement of any relevant agreements.
- 26       14. The ability of the District to obtain funding, including revenue bonds ("Revenue
- 27       **Bond**").

1    **XIII. CONDITIONS PRECEDENT**

2    **A. Condition Precedent to Confirmation**

3            The Plan shall not be confirmed unless and until the following conditions precedent  
4 have been satisfied or waived: (1) the Plan satisfies the requirements of section 943(b), as  
5 applicable; (2) the District has received any and all authorizations, consents, regulatory  
6 approvals, rulings, no-action letters, opinions, and documents that are necessary to  
7 implement the Plan and that are required by law, regulation or order, including, but not  
8 limited to, those required under section 943(b)(6); and (3) the Bankruptcy Court enters a  
9 Confirmation Order in a form and substance satisfactory to the District.

10    **B. Conditions Precedent to Effective Date**

11            The Effective Date shall not occur and this Plan shall be of no force and effect  
12 unless or until following conditions precedent have been satisfied or waived:

13            1.    **Confirmation Order.** The Confirmation Order shall have been  
14 entered, shall be in full force and effect, and shall be a Final Order.

15            2.    **Plan Documents.** All agreements and instruments contemplated by,  
16 or to be entered into pursuant to, this Plan shall be in form and substance acceptable to  
17 the District and shall have been duly and validly executed and delivered, or deemed  
18 executed by the parties thereto, and all conditions to their effectiveness shall have been  
19 satisfied or waived.

20            3.    **Timing.** The Effective Date shall occur on the first Business Day after  
21 which the conditions set forth in Section XIII.B are satisfied or waived.

22            4.    **Payment to Optum Bank.** One lump sum payment in the amount of  
23 sixty seven thousand five hundred dollars and zero cents (\$67,500.00) shall have been  
24 made by the District to Optum Bank by wire within ten (10) business days of the date of  
25 the hearing at which the Plan is confirmed.

26    **C. Waiver of Conditions Precedent to Effective Date**

27            The District may waive in whole or in part any condition to the Effective Date of this  
28 Plan or the payment of any Claim on or as soon as practicable after the Effective Date.

1 Any such waiver of a condition may be effected at any time, without notice or leave or  
2 order of the Bankruptcy Court and without any formal action, other than the filing of a  
3 notice of such waiver with the Bankruptcy Court.

4

5 **D. Effect of Failure of Conditions**

6 In the event that the conditions to the Effective Date of this Plan have not been  
7 timely satisfied or waived, and upon notification submitted by the District to the Bankruptcy  
8 Court, (i) the Confirmation Order shall be vacated, (ii) no distributions under this Plan shall  
9 be made, (iii) the District and all holders of Claims shall be restored to the *status quo ante*  
10 as of the day immediately preceding the Confirmation Date as though the Confirmation  
11 Date never occurred, and (iv) all of the District's obligations with respect to the Claims  
12 shall remain unchanged and nothing contained herein shall be deemed to constitute a  
13 waiver or release of any Claims by or against the District or any other entity or to prejudice  
14 in any manner the rights, remedies, or claims of the District or any entity in any further  
15 proceeding involving the District.

16

**E. No Admission of Liability**

17 The Plan constitutes a settlement and compromise between and among the District  
18 and various parties. The Plan shall not be deemed an admission or concession with  
19 respect to any factual or legal contention, right, defense, or position taken by the District.

20

**XIV. MISCELLANEOUS PROVISIONS**

21

**A. Dissolution of the Committee**

22 On the Effective Date, the Committee shall be released and discharged of and from  
23 all further authority, duties, responsibilities, and obligations relating to and arising from  
24 and in connection with the Chapter 9 Case and the Committee shall be deemed dissolved  
25 and its appointment terminated. Any professionals retained by the Committee and/or the  
26 members thereof shall not be entitled to compensation or reimbursement of expenses for  
27 any services rendered or expenses incurred.

28

**B. Severability**

1       If any term or provision of this Plan is held by the Bankruptcy Court or any other  
2 court of competent jurisdiction to be invalid, void, or unenforceable, the Bankruptcy Court,  
3 in each such case at the election of and with the consent of the District, shall have the  
4 power to alter and interpret such term or provision to make it valid or enforceable to the  
5 maximum extent practicable, consistent with the original purpose of the term or provision  
6 held to be invalid, void, or unenforceable, and such term or provision shall then be  
7 applicable as altered or interpreted. Notwithstanding any such holding, alteration, or  
8 interpretation, the remainder of the terms and provisions of this Plan shall remain in full  
9 force and effect and shall in no way be affected, impaired, or invalidated by such holding,  
10 alteration, or interpretation. The Confirmation Order shall constitute a judicial  
11 determination and shall provide that each term and provision of this Plan, as it may have  
12 been altered or interpreted in accordance with the foregoing, is valid and enforceable  
13 pursuant to its terms.

14       **C.     Governing Law**

15       Except to the extent that the Bankruptcy Code or other federal law is applicable,  
16 the rights, duties, and obligations arising under this Plan shall be governed by and  
17 construed and enforced in accordance with the laws of the State of California, without  
18 giving effect to principles of conflicts of laws.

19       **D.     Effectuating Documents and Further Transactions**

20       Each of the officials and employees of the District is authorized to execute, deliver,  
21 file, or record such contracts, instruments, releases, indentures, and other agreements or  
22 documents and take such actions as may be necessary or appropriate to effectuate and  
23 further evidence the terms and provisions of this Plan. Without limiting the foregoing, from  
24 and after the Effective Date, the District is authorized to execute, deliver, and perform  
25 under any and all documents relating to the Revenue Bond. For the avoidance of all  
26 doubt, all applicable revenues and revenue bond funds pledged or otherwise used for  
27 payment shall remain special revenues as defined in Section 902 of the Bankruptcy Code.

28       **E.     Acceleration of Payments**

**Weiland Golden Goodrich LLP**  
650 Town Center Drive, Suite 600  
Costa Mesa, California 92626  
Tel 714-966-1000 Fax 714-966-1002

1        The District in its sole and absolute discretion may accelerate the payment(s) of  
2 any or all of the payments required under the Plan without the need for further order of the  
3 Bankruptcy Court, so *long* as the acceleration of payment(s) does not render the District  
4 unable to pay operational expenses on a going forward basis or meet its obligations under  
5 the Plan. The accelerated payment of any Claim pursuant to this provision shall not result  
6 in any pre-payment penalty or premium or any additional liability for the District.

## **F. Delivery of Notices**

8        Unless otherwise provided herein, any and all notices required under this Plan shall  
9 be delivered to counsel for the District via email addressed to [kadele@wgllp.com](mailto:kadele@wgllp.com) and  
10 [jgolden@wgllp.com](mailto:jgolden@wgllp.com) **and** by U.S. Mail, postage prepaid, addressed to:

Southern Inyo Healthcare District  
c/o Jeffrey I. Golden  
Weiland Golden Goodrich LLP  
650 Town Center Drive, Suite 600  
Costa Mesa, California 92626

14 The District may change the address for service of notices under the Plan at any  
15 time by filing a notice of change of address with the Bankruptcy Court and serving the  
16 same on all creditors and interested parties. Any notice that is not delivered in accordance  
17 with this paragraph or as directed in any change of address notification for the District  
18 shall be deemed ineffective.

**G. Notice of Effective Date**

On or before fourteen (14) days after occurrence of the Effective Date, the District or its agent shall mail or cause to be mailed to all holders of Allowed Claims a notice that informs such holders of: (i) entry of the Confirmation Order; (ii) the occurrence of the Effective Date; (iii) the deadline for the filing of Claims arising from such rejection of any executory contract or unexpired lease; (iv) the deadline established under this Plan for the filing of Administrative Claims and/or Professional Claims; (v) the procedures for changing an address of record pursuant to Section IX.B.; and (vi) such other matters as the District deems to be appropriate.

Dated: June 2, 2020

## SOUTHERN INYO HEALTHCARE DISTRICT

By: Signature to be provided  
Jaque Hickman  
President of the Board of Directors  
for Southern Inyo Healthcare  
District

Dated: June 2, 2020

## WEILAND GOLDEN GOODRICH LLP

By: /s/ Jeffrey I. Golden  
Jeffrey I. Golden  
Attorneys for Debtor  
Southern Inyo Healthcare  
District